1Q22

Financial Update

MAY 2022

Legal Disclaimer

Forward-Looking Information

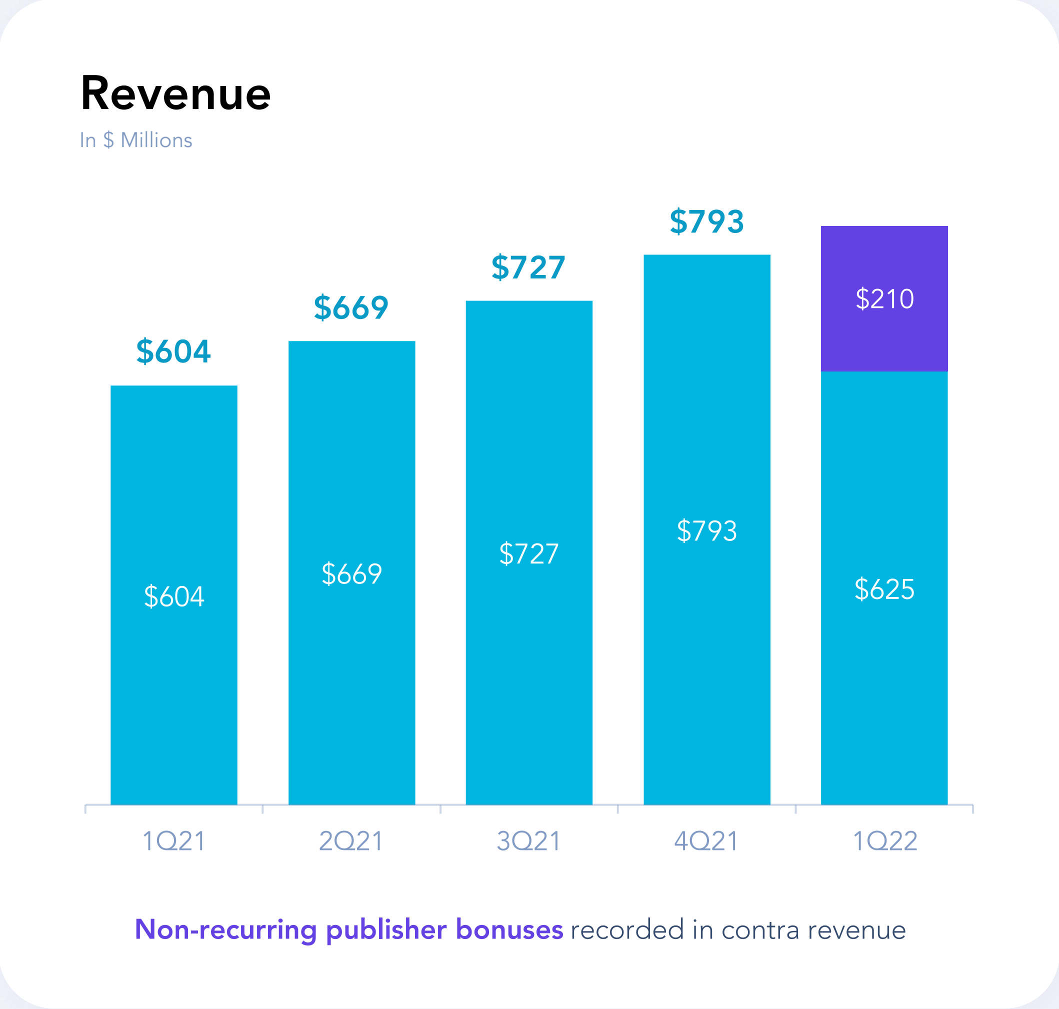
This Presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expect," "plan," "anticipate," "going to," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential," or "continue," or the negative of these words or other similar terms or expressions that concern our expectations, strategy, priorities, plans, or intentions. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

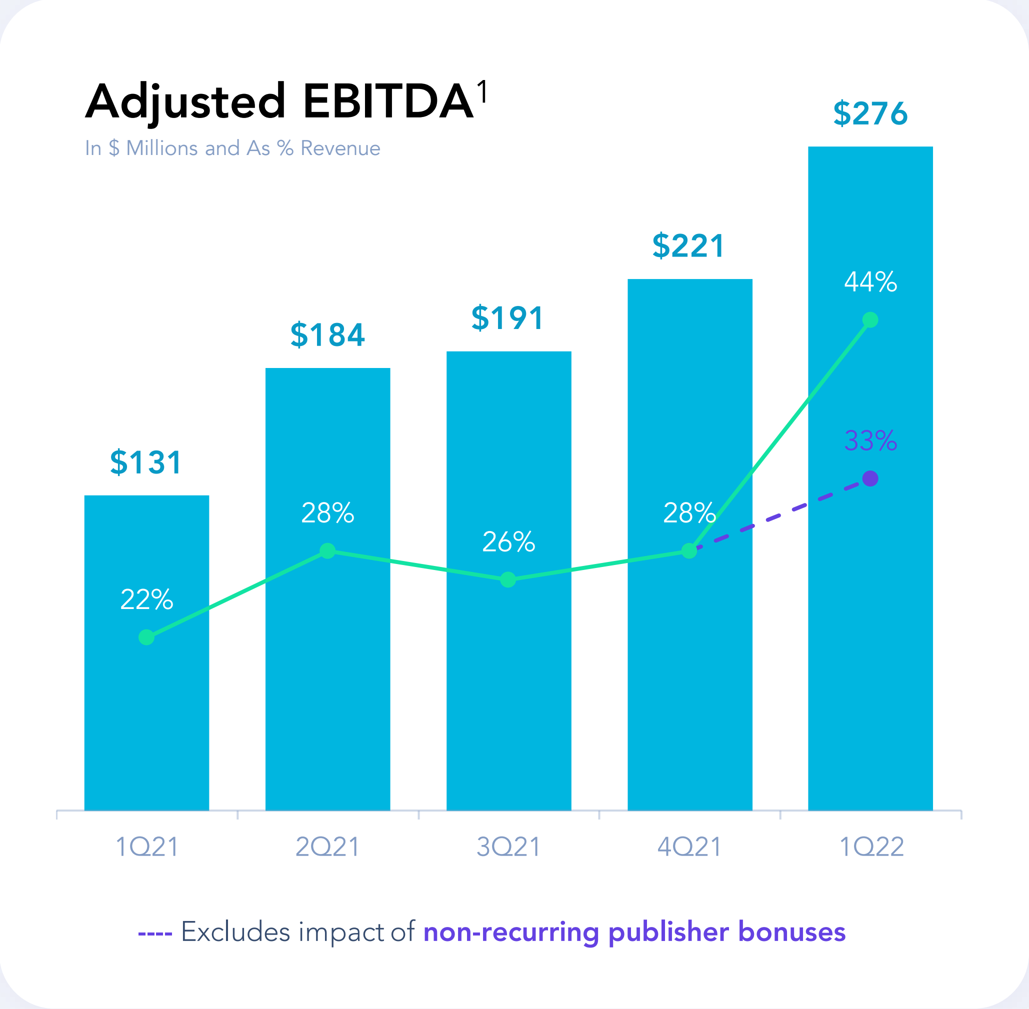
The forward-looking statements in this presentation are based on information available to us as of the date hereof, and we disclaim any obligation to update any forward-looking statements, except as required by law. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Forward-looking statements in this presentation include, but are not limited to, statements regarding our future financial performance, including our expected financial results, guidance, long-term goals and growth prospects; our expectations regarding our revenue; our goals regarding media spend on our platform; trends in ad pricing; our expectations regarding future product development, and our expectations regarding our acquisitions, including the impact of our MoPub acquisition, and Wurl's future revenue and impact on our Adjusted EBITDA. Our long-term goals are based on our current roadmap and are contingent on many factors, including our own execution, and we may modify our goals or pursue alternative objectives. Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties, including changes in our plans or assumptions, that could cause actual results to differ materially from those projected. These risks include our inability to forecast our business due to our limited operating history, fluctuations in our results of operations, the competitive mobile app ecosystem, our inability to adapt to emerging technologies and business models, and risks relating to our acquisition of Wurl. The forward-looking statements contained in this presentation are also subject to other risks and uncertainties, including those more fully described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022. Except as required by law, AppLovin does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Non-GAAP Financial Measures

This Presentation contains a discussion of certain financial measures not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"), including Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP costs and expenses, and certain measures adjusted for publisher bonuses. A reconciliation of each such non-GAAP financial measure to the most directly comparable GAAP measure can be found below.
We define Adjusted EBITDA for a particular period as net income (loss) before interest expense and loss on settlement of debt, other (income) expense (excluding certain recurring items), net, provision for (benefit from) income taxes, amortization, depreciation and write-offs and as further adjusted for non-operating foreign exchange (gains) losses, stock-based compensation expense, acquisition-related expense and transaction bonuses, publisher bonuses, loss (gain) on extinguishments of acquisition-related contingent consideration, lease modification and abandonment of leasehold improvements, and change in the fair value of contingent consideration. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue for the same period. We define non-GAAP costs and expenses as total costs and expenses adjusted to exclude stock-based compensation expense, amortization expense related to acquired intangibles and acquisition-related expense and transaction bonuses.
We believe that the presentation of these non-GAAP financial measures provides useful information to investors regarding our results of operations and operating performance, as they are similar to measures reported by our public competitors and are regularly used by securities analysts, institutional investors, and other interested parties in analyzing operating performance and prospects.
Adjusted EBITDA, Adjusted EBITDA margin, and non-GAAP costs and expenses are key measures we use to assess our financial performance and are also used for internal planning and forecasting purposes. We believe Adjusted EBITDA, Adjusted EBITDA margin, and non-GAAP costs and expenses are helpful to investors, analysts, and other interested parties because they can assist in providing a more consistent and comparable overview of our operations across our historical financial periods. In addition, these measures are frequently used by analysts, investors, and other interested parties to evaluate and assess performance. We use Adjusted EBITDA, Adjusted EBITDA margin, and non-GAAP costs and expenses in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance. We believe that the presentation of certain measures adjusted for publisher bonuses are useful in understanding the ongoing results of our operations and for comparability to prior periods. These measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statement of operations that are necessary to run our business. Our definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, our non-GAAP financial measures should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with GAAP.

1Q22 Financial Summary





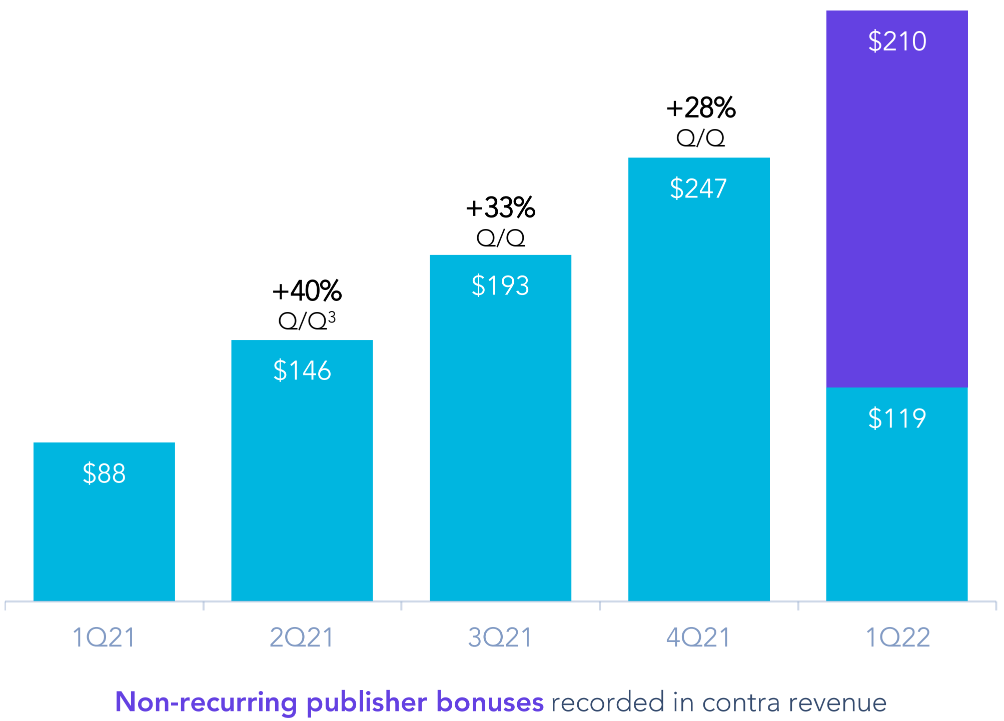
1 Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Please see the reconciliation from GAAP to non-GAAP measures in the Appendix

APPLOVIN

1Q22 Software Platform Business Highlights

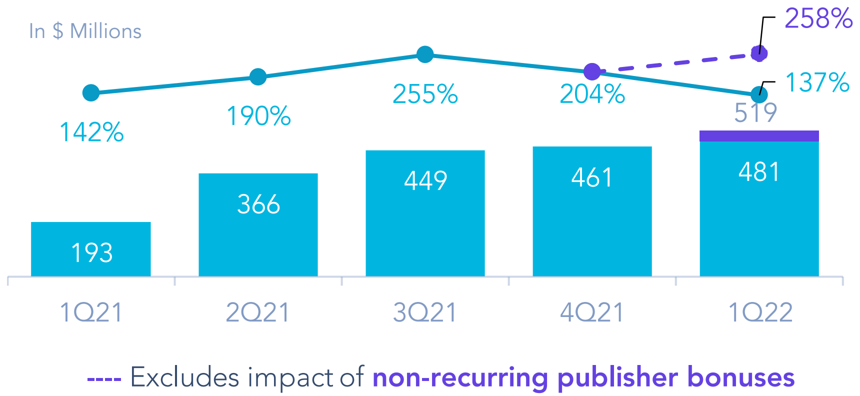
Software Platform

In $ Millions



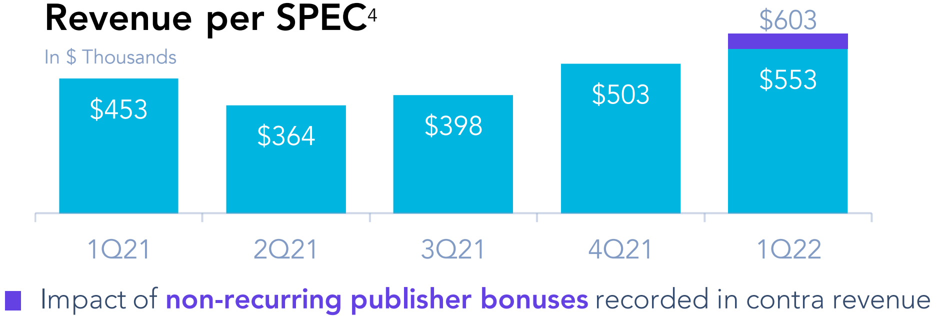
SPEC[1] and Net Dollar Based Revenue Retention[2]

In $ Millions



Revenue per SPEC[4]

In $ Thousands

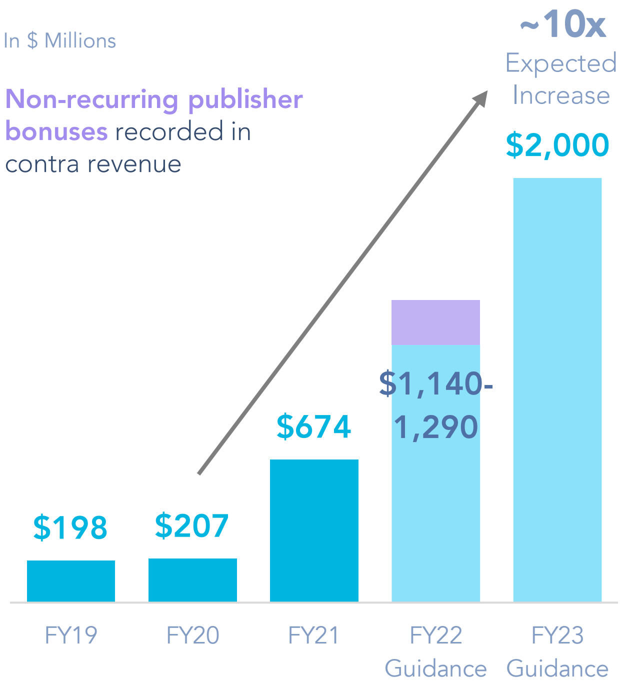


1 Are third-party business clients from whom we have collected greater than $31,250 of revenue in the three months to a given date, equating to an annual run-rate of $125,000 in revenue. Software Platform Enterprise Clients generate the vast majority of our Business Revenue - Software Platform and Business Revenue - Software Platform growth.
2 We measure Net Dollar-Based Retention Rate for the three months ended March 31, 2022 for our Software Platform Enterprise Clients as current period revenue divided by prior period revenue. Prior period revenue is measured as revenue for the three months ended March 31, 2021 from our Software Platform Enterprise Clients as of March 31, 2021. Current period revenue is revenue for the three months ended March 31, 2022 from Software Platform Enterprise Clients as of March 31, 2021.
3 Excludes contribution of Adjust SaaS revenue in 2Q21
4 Revenue per SPEC represents total revenue derived from our Software Platform Enterprise Clients in a three-month period, divided by Software Platform Enterprise Clients as of the end of that same period

Updated Financial Outlook

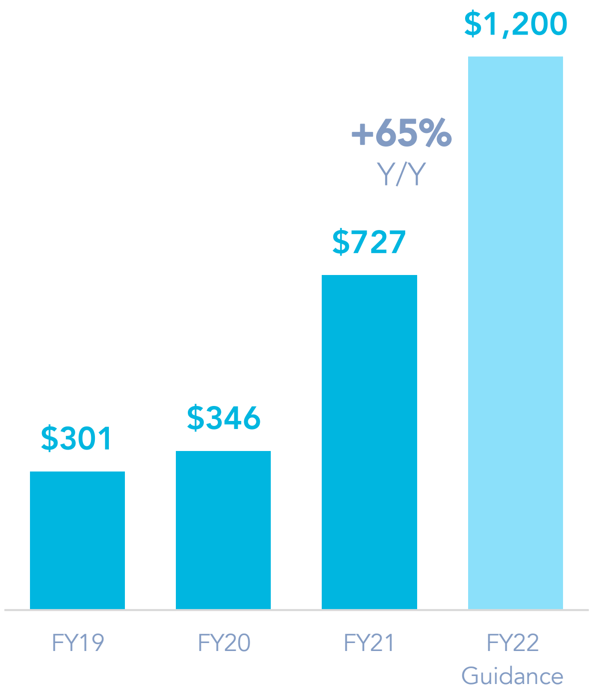
Software Platform Revenue

In $ Millions



Adjusted EBITDA[1]

In $ Millions



Full-Year 2022 Updated	
Software Platform	$1.140 - $1.290 Billion
Apps	$2.000 - $2.150 Billion
Total Revenue	$3.140 - $3.440 Billion
Adjusted EBITDA	$1.200 Billion
Adjusted EBITDA Margin	Mid-30s

1 We have not provided the forward-looking GAAP equivalents for forward-looking non-GAAP metrics, specifically Adjusted EBITDA, or a GAAP reconciliation as a result of the uncertainty regarding, and the potential variability of, reconciling items such as stock-based compensation expense. Accordingly, a reconciliation of these non-GAAP guidance metrics to their corresponding GAAP equivalent is not available without unreasonable effort. However, it is important to note that material changes to reconciling items could have a significant effect on future GAAP results. We have provided historical reconciliations of GAAP to non-GAAP metrics in tables at the end of this presentation.

Appendix

Non-GAAP Financial Metrics

To supplement our financial information presented in accordance with generally accepted accounting principles in the United States ("GAAP"), this presentation includes certain financial measures that are not prepared in accordance with GAAP, including Adjusted EBITDA, Adjusted EBITDA margin, and certain measures adjusted for publisher bonuses. A reconciliation of each such non-GAAP financial measure to the most directly comparable GAAP measure can be found below.

We define Adjusted EBITDA for a particular period as net income (loss) before interest expense and loss on settlement of debt, other (income) expense (excluding certain recurring items), net, provision for (benefit from) income taxes, amortization, depreciation and write-offs and as further adjusted for non-operating foreign exchange (gains) losses, stock-based compensation expense, acquisition-related expense and transaction bonuses, publisher bonuses, loss (gain) on extinguishments of acquisition-related contingent consideration, lease modification and abandonment of leasehold improvements, and change in the fair value of contingent consideration. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue for the same period.

We believe that the presentation of these non-GAAP financial measures provides useful information to investors regarding our results of operations and operating performance, as they are similar to measures reported by our public competitors and are regularly used by securities analysts, institutional investors, and other interested parties in analyzing operating performance and prospects.

Adjusted EBITDA and Adjusted EBITDA margin are key measures we use to assess our financial performance and are also used for internal planning and forecasting purposes. We believe Adjusted EBITDA and Adjusted EBITDA margin are helpful to investors, analysts, and other interested parties because they can assist in providing a more consistent and comparable overview of our operations across our historical financial periods. In addition, these measures are frequently used by analysts, investors, and other interested parties to evaluate and assess performance. We use Adjusted EBITDA and Adjusted EBITDA margin in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance. We believe that the presentation of certain measures adjusted for publisher bonuses are useful in understanding the ongoing results of our operations and for comparability to prior periods. These measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statement of operations that are necessary to run our business. Our definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, our non-GAAP financial measures should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with GAAP.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

In $ Millions

($ in millions)[1]	1Q22	4Q21	3Q21	2Q21	1Q21	2021	2020	2019
Revenue	625.4	793.5	727.0	668.8	603.9	2,739.1	1,451.1	994.1
Net income/(loss)	(115.3)	31.4	0.1	14.4	(10.6)	35.3	(125.9)	119.0
Interest expense and loss on settlement of debt, net	32.0	30.4	18.8	19.0	35.0	103.2	77.9	74.0
Other (income) expense, net	(2.4)	(0.7)	0.1	1.7	(8.6)	(7.5)	(6.2)	(5.8)
Provision for (benefit from) income tax	(42.7)	(2.8)	16.9	-	(3.2)	11.0	(9.8)	7.2
Amortization, depreciation and write-offs	129.0	115.7	119.4	107.2	88.8	431.1	255.0	92.8
Non-operating foreign exchange (gain) loss	(0.5)	(0.0)	(0.2)	-	(1.3)	(1.5)	1.2	-
Stock-based compensation	44.6	41.3	34.7	29.4	30.0	135.5	62.4	10.2
Acquisition-related expense & transaction bonus	14.8	2.8	1.1	12.1	0.9	16.9	7.9	3.8
Publisher bonuses[2]	209.6	3.2	-	-	-	3.2	-	-
MoPub acquisition transition services[3]	7.0	-	-	-	-	-	-	-
Loss on extinguishments of acquisition related contingent consideration	-	-	-	-	-	-	74.8	-
Lease modification and abandonment of leasehold improvements	-	-	-	-	-	-	7.9	-
Change in the fair value of contingent consideration	-	-	(0.2)	-	-	(0.2)	0.4	-
Total adjustments	391.5	189.9	190.6	169.4	141.6	691.5	471.4	182.2
Adjusted EBITDA	276.2	221.3	190.7	183.7	131.1	726.8	345.5	301.2
Adjusted EBITDA Margin	44.2%	27.9%	26.2%	27.5%	21.7%	26.0%	23.8%	30.3%

- 1 Totals may not sum due to rounding.
- 2 In association with the MoPub acquisition, we incurred certain costs to incentivize publishers to migrate to our MAX mediation solution, including existing publishers of MoPub as well as publishers on other competitor offerings. These costs were reflected as a reduction to revenue in the period. We have not historically incurred significant publisher bonuses, nor do we currently intend to incur significant publisher bonuses in the future. As such, we have removed the impact of these costs from Adjusted EBITDA.
- 3 Reflects one-time transition services provided by Twitter to AppLovin at no-charge.